

MARICOPA COUNTY BOARD OF SUPERVISORS MINUTE BOOK

**INFORMAL SESSION
August 19, 2002**

The Board of Supervisors of Maricopa County, Arizona convened at 9:00 a.m., August 19, 2002, in the Board of Supervisors' Conference Room, Tenth Floor, 301 W. Jefferson, Phoenix, Arizona, with the following members present: Don Stapley, Chairman; Fulton Brock, Vice Chairman; Andy Kunasek, Max W. Wilson and Mary Rose Wilcox. Also present: Fran McCarroll, Clerk of the Board; Alma Hernandez, Administrative Coordinator; David Smith, County Administrative Officer; and Paul Golab, Deputy County Attorney. Votes of the Members will be recorded as follows: (aye-no-absent-abstain).

The Chairman announced that the Maricopa County Board of Supervisors would recess and reconvene as the Improvement Districts Board of Directors.

IMPROVEMENT DISTRICT – OFFICE OF MANAGEMENT AND BUDGET

Chairman Stapley convened the meeting of the Dreaming Summit 1, 2a, 2b Improvement District Board of Directors to conduct a public hearing on a street lighting budget amendment. This district, Dreaming Summit 1, 2a, 2b required an amendment. The budget should be amended from zero to \$22,176 for Fiscal Year 2002-2003. (C49030098) (ADM1815)

No protests having been received and no speakers coming forth at the Chairman's call, motion was made by Director Brock, seconded by Director Wilcox, and unanimously carried (5-0) to approve the amended Dreaming Summit 1, 2a and 2b budget as requested.

MEETING RECESSED TO RECONVENE

The Improvement Districts Board of Directors recessed and the Maricopa County Board of Supervisors reconvened.

PRESENTATION: SETTING THE TAX RATE

Sandi Wilson, Deputy County Administrator, gave a brief presentation regarding the tax rate setting and reviewed many of the same items that were previously presented during the budget hearing.

Ms. Wilson reviewed the overall property tax rate detailing the primary rate, debt service, flood control and library districts, and showed that the overall rate for the primary and the secondary is \$1.5448. The primary property tax rate for Maricopa County continues to be substantially lower than the other largest counties in Arizona, even with the small increase in the primary rate.

Chris Bradley, Budget Director, explained that the statutory calendar used by the Assessor's Office to value properties for taxing purposes is on a two-year assessment cycle, therefore, this current budget operates under notices that were sent in 2001. The notices of value received by property owners this winter will not affect property taxes until next fiscal year.

Mr. Bradley stated that the major cost differential on tax bills per property is determined by the city or school district where the property is situated. The county-controlled tax rate is a relatively small portion (14%) of the total tax bill, and school districts assess the largest portion.

Ms. Wilson explained that the County Assessor adjusts existing home values only every two years; therefore, 80% of property values will be held flat for FY 2002-03. With a flat combined tax rate, most

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homeowners should not see an increase in the County-controlled property taxes on the bill received based on this budget.

Mr. Bradley continued the presentation by reviewing the Reserve and Tax Reduction policy that was adopted by the Board of Supervisors seven years ago and explained some of the guidelines:

- The tax reduction should be sustainable for the foreseeable future according to reasonable and conservative forecasts,
- The budget should be structurally balanced,
- Fund balance reserves should be sufficient to eliminate cash-flow borrowing and unexpected economic changes,
- Fund balances should be appropriated and reserved for repayment of outstanding debt, and
- Necessary capital expenditures should be appropriated from the fund balance.

Ms. Wilson provided an analysis of potential risks affecting the budget in three areas:

- General risks, which included further state budget cuts, MIHS' continued losses, and slow economic recovery,
- Community Health risks, which included workforce shortages in the nursing profession, lack of critical care beds, and communicable disease threats, and
- Criminal Justice risks, which included new jail facilities opening without a continuing tax, jail population growth far beyond forecasts, jail staffing shortages, speedy justice in complex criminal case processing, and lack of courtroom space to handle increased caseloads.

Pending contingency items that the County must confront include:

- Correctional health market adjustments - \$438,392
- Leased cars for MCSO Homicide Unit - \$65,000
- Capital punishment resentencing - \$3,000,000
- Benefits for regional schools - \$82,500
- New schools mandates - \$236,000

Mr. Bradley concluded that in addition to the above costs, the State has mandated Maricopa County to fund the Adult Probation caseload ratio change which could cost upwards to \$2 million before the end of the fiscal year, and the legislature is likely to reconvene in the Fall to readdress the State's 2002-2003 budget which could mean additional costs to the County.

Chairman Stapley opened the meeting for discussion or questions from the Board, at which time Supervisor Wilson asked whether the replacement of fuel tanks for MCSO vehicles was included in the budget or part of the contingency. Ms. Wilson replied that it would be a contingency item as this point.

MEETING RECESSED AND RECONVENED

The Board of Supervisors recessed from the informal meeting to convene as the Library District Board of Directors to address the posted agenda items.

MEETING RECONVENED

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Chairman Stapley reconvened the Maricopa County Board of Supervisors.

Item: Adopt a Resolution for FY 2002-2003 regarding levy of taxes summarized as follows: (C49030078) (ADM1815)

- a) Based on the adopted budgets for Maricopa County and the Flood Control District:
 - Set the Primary Tax Rate at 1.2108 with a levy of \$277,949,612
 - Set the Secondary Debt Service Property Tax Rate at 0.0800 with a levy of \$19,565,638
 - Set the Flood Control District Secondary Tax Rate at 0.2119 with a levy of \$44,868,061
- b) Levy the amount of taxes and set tax rates for each governmental entity as listed in the "Maricopa County 2002 Tax Levy Packet" pursuant to direction provided by each entity.
- c) Levy the amount of taxes and set tax rates for specific statutory purposes as listed in the "Maricopa County 2002 Tax Levy Packet".
- d) Direct the Maricopa County Treasurer to collect taxes as required by law.

Motion was made by Supervisor Wilcox, seconded by Supervisor Wilson, to approve the item as recommended.

Chairman Stapley opened the meeting for discussion or comment from the public. Mr. Michael Hunter, representing the Arizona Tax Research Association, stated that the levy before the Board for the Phoenix Union High School District is higher than it should be according to law by \$2.3 million. ATRA came to this conclusion because of a dispute between the Phoenix Union High School District (PUSHD) and the Department of Education when PUSHD adopted a revised budget, which the Department of Education disallowed. This is of concern to ATRA because the revision is not consistent with state law and, therefore, will result in an inappropriate levy.

Chairman Stapley responded that according to the Maricopa County's counsel, the Board of Supervisors has no discretion regarding this matter.

Paul Golab, Deputy County Attorney, who was invited by the Chairman to remark on the issue, concurred that the Board of Supervisors does not have discretion at this level, and that the role of the Board is to administratively include budgets or levies as submitted. Even if the Board adopts the tax levies, an entity still has the ability to appeal the levy.

Supervisor Brock questioned a tax levy figure quoted in an ATRA newsletter, and Mr. Hunter clarified that the article pertained to the Maricopa County Community College District's governing board, not the Maricopa County Board of Supervisors. Supervisor Wilcox requested that ATRA attempt to be more diligent in differentiating between the two boards in their publications.

Supervisor Brock questioned whether the subsections of Item 1 could be segregated and thereby voted upon separately. Chairman Stapley responded that the Board needed to vote on the resolution as a whole.

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Chairman Stapley invited the board members to express their opinions. Supervisor Kunasek stated that all of the Board members shared a dislike of property taxes in general, however, it is one of the biggest revenue sources that is relied upon to pay for services provided to Maricopa County residents. Even if the County-controlled tax rate were totally eliminated, the property tax bill would still increase because of the taxes imposed by other taxing jurisdictions. Also, state government will continue to shift costs to the County in an effort to balance their budget.

Supervisor Wilcox commented that the motion must be voted on as a package, and that concerns about the primary and secondary tax rates should have been raised during budgetary meetings.

Chairman Stapley concluded by stating that the Board would be working with David Smith, County Administrative Officer, to address issues such as Flood Control District policy, and the health care and the criminal justice systems.

Chairman Stapley called for the vote for the motion. The motion was approved by a majority vote (4-1) with Supervisors Stapley, Kunasek, Wilson, and Wilcox voting aye and Supervisor Brock voting nay.

MEETING RECESSED TO EXECUTIVE SESSION

Motion was made by Supervisor Brock, seconded by Supervisor Kunasek, and unanimously carried (5-0) that the Board go into Executive Session, pursuant to A.R.S. 38-431.03, to consider matters on the executive agenda.

LEGAL ADVICE; PENDING OR CONTEMPLATED LITIGATION -- A.R.S. §38-431.03(A)(3) AND (A)(4)

Compromise Cases

Shushani Akopyan, Rachel Davila, Daniel Kerns, John Love, Allen Moussa, Clint Raymond, Dora Rivera, Maria Rodriguez, Emanuelle Tirado, Renee L. Verdugo, Tina Young.
Barbara Caldwell, Outside Counsel

Write-off Cases

John Bader, Jeffrey C. Kitts.
Barbara Caldwell, Outside Counsel

**LEGAL ADVICE; PENDING OR CONTEMPLATED LITIGATION; SETTLEMENT DISCUSSIONS
CONDUCTED IN ORDER TO AVOID OR RESOLVE LITIGATION -- A.R.S. §38-431.03(A)(3) and (A)(4)**

Maricopa County v. various Nursing Homes

Christopher Keller, Chief Counsel, Division of County Counsel
Susan Nicholas, Deputy County Attorney, Division of County Counsel
Mark Hillard, CEO, Maricopa Integrated Health System
Patrick Walz, CFO, Maricopa Integrated Health System
Paul Straus, VP, Planning and Development, Maricopa Integrated Health System
Steve Goldstein, Attorney, Sacks Tierney, PA, Lawyers
David C. Tierney, Attorney, Sacks Tierney, PA, Lawyers

LEGAL ADVICE; PENDING OR CONTEMPLATED LITIGATION -- A.R.S. §38-431.03(A)(3) and (A)(4)

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Maricopa Medical Center; Capital/Finance; Deed

Louis Gorman, Deputy County Attorney, Division of County Counsel
Charles Kelhoffer, Esq., Ridenour, Heinton, Harper & Kelhoffer
John Kaites, Esq., Ridenour, Heinton, Harper & Kelhoffer
Sandi Wilson, Deputy County Administrator
Tom Manos, Chief Financial Officer
Mark Hillard, CEO, Maricopa Integrated Health System

PENDING OR CONTEMPLATED LITIGATION -- A.R.S. §38-431.03(A)(4)

Hislop v. Maricopa County, CV 98-11828

Brian Kaven, Esq., Outside Counsel
Peter Crowley, Risk Manager
Joe Campbell, Claims Manager

August v. Maricopa County, CV 96-06985

Terry Eckhardt, Deputy County Attorney, Division of County Counsel
Linda Beier, Deputy County Attorney, Division of County Counsel

LEGAL ADVICE; PENDING OR CONTEMPLATED LITIGATION -- A.R.S. §38-431.03(A)(3) and (A)(4)

City of Tempe, Liability for Special Medical Care for Tempe City Prisoners

Louis Gorman, Deputy County Attorney, Division of County Counsel
Tom Manos, Chief Financial Officer
Pat Walz, CFO, Maricopa Integrated Health System

Law Enforcement Actions against Michael A. Walker, Sr., Michael A. Walker, Jr., and/or Sidney A. Walker and Gerald S. Walker

David H. Benton, Deputy County Attorney, Division of County Counsel
Daniel R. Brenden, Deputy County Attorney, Division of County Counsel
Al Brown, Environmental Services
Emilio Soto, Code Enforcement Division, Planning and Development Department

MEETING ADJOURNED

There being no further business to come before the Board, the meeting was adjourned.

Don Stapley, Chairman of the
Board

ATTEST:

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Fran McCarroll, Clerk of the Board